

## ***Chapter 6 - Modifications Procedures***

### ***Introduction***

At some point during the progress of your award, your award agreement may require a modification. Possible reasons for requesting a modification are:

1. Change of award ending date;
2. A change in private sector participants, investment, or housing goals;
3. A change in any conditions listed in the Technical Corrections to your award agreement.

Modification requests are reviewed by the IHFA staff to determine if the recipient has proceeded in a timely and responsible manner, if the proposed modification presents new problems in meeting federal or state regulatory or policy requirements, or if the request in any way changes the review factors, including point awards, that initially led to funding.

*All modification requests submitted to IHFA need to be in a letter format and submitted with an original signature of the chief executive officer of the recipient.*

When requesting a modification, a ***detailed justification*** must be included in the request. The chief executive officer of the recipient must sign the request. After reviewing the request, IHFA will respond in writing to request either approving or denying it.

When a modification is approved, IHFA will send the recipient two original contract modifications in the form of a letter signed by the Executive Director of IHFA. The recipient must sign both originals with one original returned to IHFA and the other placed in the recipient's project file.

### ***Award Extension***

An important modification is a request for a change of the expiration date. If an award cannot be fully drawn by its stated date, a request for modification of expiration date must be submitted to IHFA, and a modified project schedule must be attached. Since funds cannot be drawn after award expiration, it is recommended that modification requests be submitted well in advance of the expiration date.

Changes in award expiration dates are **NOT** automatic. In signing the award agreement, the recipient has certified that the project can be completed within the time period specified. The recipient has not fulfilled its contractual obligations when award funds are not expended within the time frame specified in the award agreement. In addition, IHFA is required by HUD to meet certain performance standards for expenditure of funds. As a result, it is the policy of IHFA to permit changes in award expiration dates only when the recipient can demonstrate that:

- a) It could not have reasonably foreseen the delays; ***and***
- b) It acted responsibly and in a timely manner to overcome the delays; ***and***

- c) It informed IHFA immediately upon learning that the project could not be completed within the time frame specified in the award agreement; **and**
- d) All aspects of the project can be **completed** within a very short period of time after the original end date -- usually not to exceed six months.

If you have determined that you would like to move forward with an extension to the expiration date, the modification request must include, but is not be limited to the following information:

- Explanation as to why the modification is needed;
- Detailed timeline by site address of what has transpired to date, please include all site addresses;
- Detailed timeline by site address for completion of the project; and
- Signed modification request from chief executive officer of the award recipient.

### **Award Agreement Changes**

When requesting an award agreement change, e.g. decreasing the number of units served or income beneficiary restrictions, the modification needs to include, but not limited to the following information:

- Explanation as to why you cannot fulfill the requirements that you stated in your initial application for funding;
- The steps taken to meet the original requirements;
- Explanation as to beneficiaries that you are planning to serve, number of units that you are planning to serve, etc.; and
- Signed modification request from chief executive officer of the award recipient.

### ***Effective Date of Modification***

Unless otherwise communicated in writing to the recipient by IHFA, all modifications will become effective as of the date the modification agreement is signed by a signatory of IHFA.

### ***Note of Caution***

When any modification is anticipated, the recipient must also consider the impact of the proposed modification on other regulatory requirements (e.g., a change in project location or participants may trigger a new environmental review). Recipients should carefully review the anticipated changes against all regulatory requirements to determine the full range of possible impacts including unanticipated expenses or even the possibility that the proposed project will no longer be eligible for funding.